



State of Washington  
Department of Revenue

# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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## FOREIGN CURRENCY ACCEPTED AT PAR VALUE

Revised: March 1, 1993

This Excise Tax Bulletin explains the Department's position on the effect the acceptance of foreign currency at par value has on the measure of tax liability. This is a clarification and not a change in the Department's position.

When determining the measure of tax liability, the selling price or gross proceeds of sale must be measured in terms of the currency of the United States. If payment is accepted in foreign currency, the payment must be converted into terms of American currency. The effect of this conversion, whether resulting in an increase or decrease in the selling price or gross proceeds of sale, must be recognized.

For example, ABC Company sells a sweater for \$100, plus \$8 in sales tax, for a total of \$108. ABC Company accepts payment in Canadian currency at par value. The exchange rate for Canadian currency at ABC's bank is eighty percent of face value at the time of the sales transaction. In terms of U.S. currency, ABC has actually accepted a payment of \$86.40 (\$108 Canadian x 80%). The selling price or gross proceeds of sale for determining the measure of tax liability is \$80 (\$86.40 - \$6.40 sales tax).

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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